

Message Text

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PAGE 01 NEW DE 07925 031411Z
ACTION NEA-10

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-----032231Z 054255 /70

R 030936Z JUN 77
FM AMEMBASSY NEW DELHI
TO USDOC WASHDC
INFO SECSTATE WASHDC 3829
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 7925

DEPT PLS PASS TO USBURMINES AND USGS

E.O. 11652: NA (DECLASSIFIED ON ARRIVAL)
TAGS: BEXP EMIN IN
SUBJECT: PROPOSED EAST COAST ALUMINA/ALUMINUM PROJECT

REF: USDOC WASHDC 10227

1. THE EMBASSY HAS PASSED THE CONTENTS OF REFTEL TO THE BHARAT ALUMINUM COMPANY'S (BALCO) CHAIRMAN-MANAGING DIRECTOR, A. N. BANERJEE. IN VIEW OF THE PRESENT INTEREST SHOWN BY BOTH PARTIES, WE HAVE SUGGESTED TO BANERJEE THAT BALCO SHOULD DEAL DIRECTLY WITH REYNOLDS IN THE FUTURE IN LIEU OF GOING THROUGH THE EMBASSY, BUT THAT WE ARE READILY AVAILABLE TO ASSIST WITH ANY PROBLEMS THAT MAY DEVELOP.

2. ACCORDING TO BALCO, THE GOI IS NOW DEFINITELY THINKING IN TERMS OF EXPORTING ALUMINUM METAL, NOT JUST ALUMINA AS ORIGINALLY PLANNED. TWO US BANKS, THE BANK OF AMERICA AND THE CITY BANK, HAVE ALREADY CONTACTED BALCO REGARDING THE POSSIBILITY OF FINANCING THE EAST COAST ALUMINA/
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ALUMINUM PROJECT. THE BANK OF AMERICA IS REPORTEDLY PREPARED TO CONSIDER AS MUCH AS \$1 BILLION TOWARDS THE FINANCING OF THE ALUMINA/ALUMINUM COMPLEX. THIS IS ROUGHLY EQUIVALENT TO ABOUT A QUARTER OF THE TOTAL COST FOR A ONE MILLION METRIC TON CAPACITY ALUMINUM PLANT PRESENTLY ENVISAGED BY THE GOI. HOWEVER, THE BANK'S FIRST PREREQUISITE IS A FEASIBILITY STUDY TO PROVE THE

VIABILITY OF SUCH A PROJECT. IT WAS STATED THAT THE CITY BANK IS INTERESTED ONLY IN THE EXPORT ORIENTED ALUMINA PLANT TO THE EXTENT OF ABOUT \$750 MILLION, BUT NOT ALUMINIUM. THE CITY BANK WOULD ALSO REQUIRE A FEASIBILITY REPORT. BALCO IS ALSO LOOKING FORWARD TO TALKS WITH THE CHEMICAL BANK.

3. THE JAPANESE HAVE ALSO EXPRESSED SOME INTEREST IN ASSISTING WITH THE ALUMINA PROJECT, BUT APPARENTLY ARE RELUCTANT TO FINANCE AN ALUMINUM PLANT. THIS STEMS PRIMARILY FROM SEVERAL ALUMINUM PLANTS NOW BEING PLANNED BY PERSIAN GULF COUNTRIES BASED ON CHEAP LOCAL POWER AND SECONDLY, THEIR APPRAISAL OF THE ALUMINUM MARKET.

4. TALKS ARE STILL GOING ON WITH SEVERAL OTHER INTERNATIONAL ALUMINUM COMPANIES INCLUDING ALCAN, PUK OF FRANCE AND VAW OF WEST GERMANY. THERE WAS NO INDICATION THAT THE SOVIETS WERE WILLING TO PROVIDE ANY FINANCING.
GOHEEN

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 03-Jun-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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TAGS: BEXP, EMIN, IN
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